

# 2007 California Filing Status Adjustments Worksheet — Registered Domestic Partners' Recalculated Federal Adjusted Gross Income

**Important:** Keep this worksheet for your records. DO NOT MAIL.

Name(s) as shown on return

SSN or ITIN

## Part I Income Adjustment Worksheet

### Section A – Income

Part I Income Adjustment Worksheet		A	B	C	D
Section A – Income		Taxpayer One (taxable amounts from your federal return)	Taxpayer Two (taxable amounts from your federal return)	Adjustments	Adjusted Federal Amounts (using the same rules applicable to spouses)
7	Wages, salaries, tips, etc . . . . . 7				
8	Taxable interest income . . . . . 8				
9	Ordinary dividends. (b) TP1 _____ (b) TP2 _____ . . . . . (a)				
10	Taxable refunds, credits, offsets of state and local income taxes . . . . . 10				
11	Alimony received . . . . . 11				
12	Business income or (loss) . . . . . 12				
13	Capital gain or (loss) . . . . . 13				
14	Other gains or (losses). . . . . 14				
15	Total IRA distributions. (a) TP1 _____ (a) TP2 _____ . . . . . (b)				
16	Total pensions and annuities. (a) TP1 _____ (a) TP2 _____ . . . . . (b)				
17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. . . . . 17				
18	Farm income or (loss) . . . . . 18				
19	Unemployment compensation . . . . . 19				
20	Social security benefits. (a) TP1 _____ (a) TP2 _____ . . . . . (b)				
21	Other income . . . . . 21				
22	Total. Combine line 7 through line 21 in column D. Go to Section B . . . . . 22				

### Section B – Adjustments to Income

23 Archer MSA deduction . . . . . 23			
24 Certain business expenses of reservists, performing artists, and fee-basis government officials . . . . . 24			
25 Health savings account deduction . . . . . 25			
26 Moving expenses . . . . . 26			
27 One-half of self-employment tax . . . . . 27			
28 Self-employed SEP, SIMPLE, and qualified plans . . . . . 28			
29 Self-employed health insurance deduction . . . . . 29			
30 Penalty on early withdrawal of savings . . . . . 30			
31 Alimony paid . . . . . 31			
32 IRA deduction . . . . . 32			
33 Student loan interest deduction . . . . . 33			
34 Jury duty pay you gave to your employer . . . . . 34			
35 Domestic production activities deduction . . . . . 35			
36 Add line 23 through line 35 in column D . . . . . 36			
37 <b>Total.</b> Subtract line 36 from line 22 in column D. Enter the amount here and on Form 540, line 13 . . . . . 37			

## Part II Adjustments to Federal Itemized Deductions

- 38 Federal itemized deductions. Add the amounts on each taxpayer's federal Schedule A (Form 1040), lines 4, 9, 14, 18, 19, 26, and 27. Enter the amount here and on line 38, Schedule CA . . . . . 38
- Note:** Apply the 7.5% limitation rule to your joint adjusted gross income to arrive at the amount for line 4.  
Apply the 2% limitation rule to your joint adjusted gross income to arrive at the amount for line 26.

# Instructions for California Filing Status Adjustments Worksheet — Registered Domestic Partners' Recalculated Federal Adjusted Gross Income

References to these instructions are to the Internal Revenue Code (IRC) as of January 1, 2005.

## General Information

In general, California law conforms to the Internal Revenue Code (IRC) as of January 2005. However, there are continuing differences between California and federal law. When California conforms to federal tax law changes, we do not always adopt all of the changes made at the federal level. For more information go to our Website at [www.ftb.ca.gov](http://www.ftb.ca.gov) and search for **conformity**. Additional information can be found in FTB Pub. 1001, Supplemental Guidelines to California Adjustments, and the Business Entity tax booklets.

The instructions provided with California tax forms are a summary of California tax law and are only intended to aid taxpayers in preparing their state income tax returns. We include information that is most useful to the greatest number of taxpayers in the limited space available. It is not possible to include all requirements of the California Revenue and Taxation Code (R&TC) in the tax booklets. Taxpayers should not consider the tax booklets as authoritative law.

## Purpose

Registered Domestic Partners (RDP) use this worksheet to make filing status adjustments to calculate federal adjusted gross income (AGI) for California tax purposes.

Filing status adjustments occur when you recalculate your federal return from a filing status of single or head of household to married/RDP filing jointly or married/RDP filing separately. Filing status changes result in an increase or decrease to income or deductions. To complete this worksheet:

- Add column A and column B
- Add or subtract column C
- Enter the amount on column D  
(column A + column B) ± column C = column D

### Example:

Chris and Pat each have a capital loss on their separate federal returns, as shown below. Capital losses are limited to \$3,000. When they recalculate their federal return, as if married, they will make a \$2,000 filing status adjustment on column C, line 13 of this worksheet. (A \$3,000 loss plus a \$2,000 loss equals a \$5,000 loss; since they are limited to a \$3,000 loss, the adjustment will be \$2,000.)

Part I Income Adjustments Worksheet Section A — Income			
13 Capital gain or (loss)			
A Taxpayer One	B Taxpayer Two	C Adjustments	D Adjusted Federal Amounts
(\$3,000)	(\$2,000)	\$2,000	(\$3,000)

If Chris and Pat are filing separately, they are each limited to a \$1,500 loss. Therefore, Chris will make a \$1,500 filing status adjustment and Pat will make a \$500 filing status adjustment on their separately filed returns.

Part I Income Adjustments Worksheet Section A — Income			
13 Capital gain or (loss)			
A Taxpayer One	B Taxpayer Two	C Adjustments	D Adjusted Federal Amounts
(\$3,000)		\$1,500	(\$1,500)
A Taxpayer One	B Taxpayer Two	C Adjustments	D Adjusted Federal Amounts
(\$2,000)		\$500	(\$1,500)

### To complete this worksheet, have the following information available:

- Federal Income Tax Return and supporting schedules for each RDP.
- Copy of Federal 1040 Instructions including worksheets, as needed.
- If filing separately, a copy of federal Publication 555, Community Property.

### Community/Separate Property

Community property is the total of the following property acquired and earnings received:

- By an RDP during a registered domestic partnership while domiciled in a community property state.
- By an RDP that is not separate property.

Each RDP owns one-half of all community property.

Separate property is:

- All property owned separately by an RDP before a registered domestic partnership.
- All property acquired separately after entering into a registered domestic partnership, such as gifts, inheritances, and property purchased with separate funds.
- Money earned while domiciled in a separate property state.
- All property declared separate property in a valid agreement (pre- or post-nuptial agreement).

Community income is all income from community property, and wages, salaries, and other compensation for personal services of either RDP while in a registered domestic partnership. Community income is divided equally between RDPs.

Community status ends in any of the following situations:

- Upon the death of either RDP.
- When the decree of dissolution or termination of registered domestic partnership becomes final.
- When RDPs separate with no immediate intention of reconciliation.

Income from separate property is income of the RDP who owns the property.

When filing separate returns, the domicile of the RDP who earns the income determines the division of income between the RDPs. For income tax purposes, the income of registered domestic partners domiciled in a community property state may be community income or separate income. When registered domestic partners file separate returns, each RDP reports the following:

- One-half of the community income
- All of his or her separate income

For more information on community property, see federal Publication 555, Community Property.

### Transfer Between Registered Domestic Partners

California conforms to IRC Section 1041 which provides that no gain or loss is recognized on transfers of property between spouses. For federal tax purposes, because federal law does not recognize RDPs, transfers between RDPs are not treated as transfers between spouses. However, for California tax purposes, because California treats RDPs as spouses, no gain or loss is recognized on transfers of property between RDPs. This also applies to transfers between former RDPs, if the transfer is related to termination of the registered domestic partnership. For more information on transfers to a spouse, see Property Settlements in federal Publication 504, Divorced or Separated Individuals.

---

## Instructions for Column A, Column B, and Column C

### Column A – Taxpayer One Federal Form 1040

Taxpayer One, transfer the amounts from your federal Form 1040, line 7 through line 37 to column A of the worksheet.

### Column B – Taxpayer Two Federal Form 1040

For married/RDP filing joint taxpayer two, transfer the amounts from your federal Form 1040, line 7 through line 37 to column B of the worksheet.

For married/RDP filing separately, no amount will be shown in column B. All adjustments for community property will be made in column C.

For more information see federal Publication 555, Community Property.

### Column C – Adjustments

Use column C to make filing status adjustments on line 7 through line 21 and line 23 through line 35 following the instructions for federal Form 1040 except where instructed below. If the amount is less than zero (negative), enter the result in parentheses. For example: (12,345).

---

## Part I, Column C – Income Adjustment Worksheet

### Section A – Income, Column C

#### Line 7 – Wages, salaries, tips, etc.

Enter the total of your wages, salaries, tips, etc. For most people, the amount to enter on this line should be shown on box 1 of their Form(s) W-2. The following types of income must also be included in the total on line 7:

- Wages received as a household employee for which you did not receive a Form W-2 because your employer paid you less than \$XXXX in 2007.
- Tip income you did not report to your employer.
- Dependent care benefits.
- Employer-provided adoption benefits.
- Scholarship and fellowship grants not reported on Form(s) W-2.
- Excess salary deferrals.
- Disability pensions.
- Corrective distributions from a retirement plan.

For additional information see the federal Form 1040 instructions for line 7.

#### Exception: Dependent care assistance programs (IRC 129)

The amount which may be excluded for dependent care assistance with respect to dependent care services provided during a taxable year shall not exceed \$5,000 (\$2,500 in the case of a separate return by a married individual).

If you excluded dependent care assistance in the amount of \$2,500 on your federal return and are filing married/RDP filing jointly, enter the difference between your total assistance (up to \$5,000) and the amount you excluded from your federal income on line 7, column C, as a negative number.

#### Line 8 – Taxable Interest

Each payer should send you a Form 1099-INT or Form 1099-OID. Enter your total taxable interest income on line 8.

For additional information see the federal Form 1040 instructions for line 8a.

#### Tax-Exempt Interest

If you received any tax-exempt interest, such as from municipal bonds, each payer should send you a Form 1099-INT. Enter the total on line 8.

For additional information see the federal Form 1040 instructions for line 8b.

#### Line 9a – Ordinary Dividends

Each payer should send you a Form 1099-DIV. Enter your total ordinary dividends on line 9a.

For additional information see the federal Form 1040 instructions for line 9a.

#### Line 9b – Qualified Dividends

Enter your total qualified dividends on line 9b.

For additional information see the federal Form 1040 instructions for line 9b.

#### Line 10 – Taxable refunds, credits, offsets of state and local income taxes

If you received a refund, credit, or offset of state or local income taxes in 2007, you may receive a Form 1099-G.

For additional information see the federal Form 1040 instructions for line 10.

#### Line 11 – Alimony received

Enter amounts received as alimony or separate maintenance.

For additional information see the federal Form 1040 instructions for line 11.

**Exception:** If you are an RDP receiving alimony not included in your federal income, enter the alimony amount on line 11, column C.

#### Line 12 – Business Income or (loss)

Enter your business income or loss.

For additional information see the federal Form 1040 instructions on line 12.

#### Exceptions:

##### Election to treat certain depreciable business assets as an expense (IRC 179(b))

You may elect to treat the cost of any IRC Section 179 property as an expense, which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the IRC Section 179 property is placed in service.

If you are filing married/RDP filing separately, your deduction is limited to 50 percent of the total allowable. Enter 50 percent of the total deduction as a positive number on line 12, column C.

##### Election to treat certain reforestation expenditures as an expense (IRC 194)

In the case of any qualified timber property with respect to which the taxpayer has made an election, the taxpayer shall treat reforestation expenditures that are paid or incurred during the taxable year with respect to such property as an expense that is not chargeable to capital account. The reforestation expenditures shall be allowed as a deduction. The aggregate amount of reforestation expenditures, with respect to each qualified timber property, shall not exceed \$10,000 (\$5,000 if you file as married/RDP filing separately).

If you claimed a reforestation expense deduction in the amount of \$5,000 on your federal return and are filing married/RDP filing jointly, enter the difference between your total reforestation expense (up to \$10,000 for each qualified timber property) and the amount you deducted on your federal return on line 12, column C, as a negative number.

##### Rollover of publicly traded securities gain into specialized small business investment companies (IRC 1044)

In the case of the sale or any publicly traded securities with respect to which the taxpayer elects the application of IRC Section 1044, gain from such sale shall be recognized only to the extent that the amount realized on such sale exceeds the cost of any common stock or partnership interest in a specialized small business investment company purchased by the taxpayer during the 60-day period beginning on the date of such sale, reduced by any portion of such cost previously taken into account under this section.

The amount of gain that may be excluded for any taxable year shall not exceed the lesser of \$50,000 (\$25,000 if filing married/RDP filing separately) or \$500,000 (\$250,000 if filing married/RDP filing separately), reduced by the amount of gain excluded for all preceding taxable years. If you are filing married/RDP filing jointly, enter the difference between your single return and your recalculated amounts (not to exceed the limitations) on line 12, column C, as a negative number.

---

**Line 13 – Capital gain or (loss)**

If you had a capital gain or loss, including any capital gain distributions or a capital loss carryover from 2006, you must complete and attach federal Schedule D.

For additional information see the federal Form 1040 instructions for line 13.

**Exception:** For California purposes, registered domestic partners are treated as husband and wife in provisions where the husband and wife are treated as one person. RDPs are not treated as one person at the federal level.

If your capital losses are more than your capital gains, you can claim a capital loss deduction. The capital loss deduction for RDPs who file as married/RDP filing jointly is limited to \$3,000 (\$1,500 if you are an RDP filing as married/RDP filing separately).

**Line 14 – Other gains or (losses) (IRC 121)**

If you sold or exchanged assets used in a trade or business, see the Instructions for Form 4797.

**Exception:** RDPs are allowed an exclusion of gain on the sale of their principal residence. RDPs filing as married/RDP filing jointly are able to exclude up to \$500,000 (\$250,000 if you file as married/RDP filing separately).

If you sold your principal residence and excluded a gain of \$250,000 on your federal return and are filing married/RDP filing jointly, enter the difference between your total gain (up to \$500,000) and the amount you excluded from your federal income on line 14, column C, as a negative number.

**Line 15a and Line 15b – Total IRA distributions**

You should receive a Form 1099-R showing the amount of any distribution from your IRA. Unless otherwise noted in the line 15a and line 15b instructions, an IRA includes a traditional IRA, Roth IRA, simplified employee pension (SEP) IRA, and a savings incentive match plan for employees (SIMPLE) IRA. Except as provided in the federal Form 1040 instructions for line 15a and line 15b, leave line 15a blank and enter the total distribution on line 15b.

For additional information see the federal Form 1040 instructions for line 15a and line 15b.

**Line 16a and Line 16b – Total pensions and annuities**

You should receive a Form 1099-R showing the amount of your pension and annuity payments.

For additional information see the federal Form 1040 instructions for line 16a and line 16b.

**Line 17 – Rental real estate, royalties, partnerships, S corporations, trust, etc.**

Enter the amount from federal Schedule E, line 26, here.

**Exception:** Get federal Form 8582, Passive Activity Loss Limitations, if your modified adjusted gross income is over \$100,000. If you or your RDP actively participated in a passive rental real estate activity, you can deduct up to \$25,000 of loss from the activity from your nonpassive income. This special allowance is an exception to the general rule disallowing losses in excess of income from passive activities. The maximum amount of the special allowance is reduced if your modified adjusted gross income is more than \$100,000 (\$50,000 if you file married/RDP filing separately).

If you have a loss, subtract the total allowable loss shown on your recalculated Form 8582 from the total of the amounts on line 17, column A and column B. Enter the result on line 17, column C, as a positive number.

**Line 18 – Farm income or (loss)**

Enter the amount from federal Schedule F, line 36 here.

**Exception: Election to treat certain depreciable business assets as an expense (IRC 179(b))**

You may elect to treat the cost of any IRC Section 179 property as an expense, which is not chargeable to capital account. Any cost so treated

shall be allowed as a deduction for the taxable year in which the IRC Section 179 property is placed in service.

If you are filing married/RDP filing separately, your deduction is limited to 50 percent of the total allowable. Enter 50 percent of the total deduction as a positive number on line 18, column C.

**Line 19 – Unemployment compensation**

You should receive a Form 1099-G showing the total unemployment compensation paid to you in 2007.

For additional information see the federal Form 1040 instructions for line 19.

**Line 20a and Line 20b – Social security benefits**

You should receive a Form SSA-1099 showing in box 3 the total social security benefits paid to you.

For additional information see the federal Form 1040 instructions for line 20.

**Exception:** A portion of your benefits may be taxable. How much is taxable depends on the total amount of your benefits and other income. Generally, the higher that total amount, the greater the taxable part of your benefits. To figure the total taxable amount of your social security benefits, calculate the taxable benefit amount using the Social Security Benefits Worksheet found in the federal Form 1040 instructions. Subtract that amount from the total of the amounts on line 20, combine column A and column B on your California RDP worksheet. Enter the result on line 20, column C.

**Line 21 – Other Income**

Use line 21 to report any income not reported elsewhere on your return or other schedules.

For additional information see the federal Form 1040 instructions for line 21.

**Line 22 – Total**

Combine line 7 through line 21 in column D.

Go to Section B.

---

**Section B – Adjustment to Income, Column C****Line 23 – Archer MSA deduction**

If you made a contribution to your Archer MSA for 2007, you may be able to claim this deduction. See federal Form 8853.

**Line 24 – Certain business expenses of reservists, performing artists, and fee-basis government officials**

Include the following deductions on line 24:

- Certain business expenses of National Guard and reserve members who traveled more than 100 miles from home to perform services as a National Guard or reserve member.
- Performing-arts-related expenses.
- Business expenses of fee-basis state or local government officials.

For additional information see the federal Form 1040 instructions for line 24.

**Exception:** RDPs may only claim expenses as a performing artist if they file as married/RDP filing jointly, unless they lived apart from their RDP for the entire year.

**Line 25 – Health savings account deduction**

If contributions (other than employer contributions) were made to your health savings account for 2007, you may be able to take this deduction. See federal Form 8889 for additional information.

**Line 26 – Moving expenses**

If you moved in connection with your job or business or started a new job, you may be able to take this deduction.

For additional information see the federal Form 1040 instructions for line 26.



---

**Line 27 – One-half of self-employment tax**

If you were self-employed and owe self-employment tax, fill in federal Schedule SE to figure the amount of your deduction.

**Line 28 – Self-employed SEP, SIMPLE, and qualified plans**

If you were self-employed or a partner, you may be able to take this deduction. See federal Publication 560, or, if you were a minister, see federal Publication 517.

**Line 29 – Self-employed health insurance deduction**

You may be able to deduct the amount you paid for health insurance for yourself, your spouse, and your dependents.

For additional information see the federal Form 1040 instructions for line 29.

**Line 30 – Penalty on early withdrawal of savings**

The Form 1099-INT or Form 1099-OID you received will show the amount of any penalty you were charged.

**Line 31 – Alimony paid**

If you made payments to or for your spouse or former spouse under a divorce or separation instrument, you may be able to take this deduction. For additional information, see federal Publication 504.

**Exception:** If you are an RDP paying alimony not included in your adjustment to income for federal purposes, enter the alimony amount on line 31, column C, as a positive amount.

**Line 32 – IRA deduction**

If you made contributions to a traditional IRA for 2007, you may be able to take an IRA deduction.

For additional information see the federal Form 1040 instructions for line 32.

**Exception:** If you are an RDP and your modified federal AGI exceeds the amounts below your IRA deduction will be limited. Enter the adjustment amount on line 32, column C, as a positive amount.

**2007 Filing Status**

Married/RDP Filing Jointly/Qualified Widow(er) . . .	\$83,000 – \$103,000
Single/Head of Household . . . . .	\$52,000 – \$62,000
Married/RDP Filing Separately . . . . .	\$0 – \$10,000

**Line 33 – Student loan interest deduction**

Use the Student Loan Interest Deduction Worksheet in the federal Form 1040 instructions to determine your student loan interest deduction.

For additional information see the federal Form 1040 instructions for line 33.

**Line 34 – Jury duty pay you gave to your employer**

If you gave your jury duty pay to your employer because your employer continued to pay your salary while you served on the jury, you can deduct the amount turned over to your employer.

**Line 35 – Domestic production activities deduction**

You may be able to deduct up to 3 percent of your qualified production activities income.

For additional information see the federal Form 1040 instructions for line 35.

**Line 36**

Add line 23 through 35 in column D

**Line 37 – Total**

Subtract line 36, column D from line 22, column D. Enter the amount here and on Form 540, line 13.

---

**Part II Adjustments to Federal Itemized Deductions**

---

**Line 38 – Federal itemized deductions**

The following adjustments may be required for qualified residence interest (IRC 163(h)):

- **Acquisition indebtedness** – If you claimed an interest deduction for the total mortgage amount of \$500,000 on your federal Form 1040, Schedule A and are married/RDP filing jointly, enter the difference between your total interest (total mortgage amount up to \$1,000,000) and the amount you deducted on your federal Form 1040, line 10 and line 11, Schedule A.
- **Home equity indebtedness** – If you claimed an interest deduction for the home equity amount up to \$50,000 on your federal Form 1040, Schedule A and are filing a married/RDP filing jointly, enter the difference between your total interest (home equity amount up to \$100,000) and the amount you deducted on your federal Form 1040, line 10 and line 11, Schedule A.

**Investment interest (IRC 163(d))**

If you claimed an investment interest deduction in the amount of \$5,000 on your federal Form 1040, Schedule A and are married/RDP filing jointly, enter the difference between your total investment interest (up to \$10,000) and the amount you excluded on your federal Form 1040, line 13, Schedule A.

**Medical and Dental Expenses**

Apply the 7.5% limitation rule to your recalculated joint adjusted gross income to arrive at the amount for line 4 of the federal Form 1040, Schedule A.

**Job Expenses and Certain Miscellaneous Deductions**

Apply the 2% limitation rule to your recalculated joint adjusted gross income to arrive at the amount for line 26 of the federal Form 1040, Schedule A.

---

**Instructions for Column D**

---

**Column D – Adjusted Federal Amounts**

To calculate column D:

- Add column A and column B
- Add or subtract column C
- Enter the amount in column D  
(column A + column B) ± column C = column D

**Note:** See exception for line 20, Social security benefits.

Transfer the amounts from column D, line 7 through line 37 to Schedule CA, column A, line 7 through line 37.